

**New Jersey Turnpike Authority
Financial Summary
For the Three Months Ended March 31, 2015**

ACTUAL REVENUE - January - March	\$ 370,221,000
ESTIMATED REVENUE - April - December	1,307,538,000
<i>Projected Annual Revenue</i>	<u>\$ 1,677,759,000</u>
 ESTIMATED ANNUAL OPERATING EXPENSES	 485,593,100
<i>Projected Net Revenue</i>	<u>\$ 1,192,165,900</u>
 DEBT SERVICE REQUIREMENTS	 687,820,300
CHARGES FUND	1,150,000
SPECIAL PROJECT RESERVE FUND	20,900,000
MAINTENANCE RESERVE FUND	87,058,000

The following un-audited results are for the three months ended March 31, 2015.¹ Based upon these results, revenues will be sufficient to satisfy the requirements of the Authority's Bond Resolution. For the twelve months ending December 31, 2015, the Authority is projected to have a debt service coverage ratio of 1.73 and a total requirements coverage ratio of 1.50.

The Authority's total revenue for the three months ended March 31, 2015 was \$370,221,000, which is \$9,796,000, or 2.6%, below projections. Toll revenue was \$321,918,000, which is \$10,450,000, or 3.1%, less than projections due in part to the coldest winter in New Jersey since the 1993-1994 winter season. In addition to the cold weather, January through March had above normal precipitation and two declared state of emergency weather events with winter storms Juno and Thor. Toll revenue loss attributed to both storms is estimated at \$6,598,000. The lower than projected toll revenue was partially offset by higher than anticipated concession revenue and miscellaneous revenue. Concession revenue, which totaled \$7,879,000, was \$650,000, or 9.0% above projections due to higher than expected commissions received on diesel fuel sales on the New Jersey Turnpike. Miscellaneous revenue was \$4,082,000, which is \$1,024,000, or 33.5% above projections for reasons including the sale of surplus land.

For the three months ended March 31, 2015, traffic on the New Jersey Turnpike increased 6.7% and toll revenue increased 6.5% as compared to the same period in 2014. The increases in traffic and revenue are due to comparatively better weather conditions and lower fuel prices in the first three months of 2015 than those in 2014. Traffic and revenue were negatively impacted by winter storms Juno and Thor. These storms resulted in 1,037,000 fewer transactions and \$4,615,000 less revenue when compared to the same days last year. When eliminating these storms, traffic and revenue would have increased 9.3% and 9.1%, respectively. The adjusted results compared favorably the increases forecasted by CDM Smith, the Authority's traffic engineer, for the three months ended March 2015 of 9.4% for traffic and 8.5% for revenue. CDM Smith, which released an investment grade study in May 2014, projects 2015 annual traffic and revenue growth of 3.7% and 3.6%, respectively. Through the first three (3) months of 2015, the E-ZPass usage rate on the New Jersey Turnpike was 82.4%, up slightly from 82.1% for the same period in 2014.

For the three months ended March 31, 2015, toll transactions on the Garden State Parkway ("Parkway") increased 1.2% and revenue increased 1.0% when compared to the same period in 2014. Toll transactions and revenue increased because the winter weather was less severe and fuel prices were lower during the first three months of 2015 relative to the first three months of 2014. As with the New Jersey Turnpike, toll transactions and revenue were negatively impacted by winter storms Juno and Thor, resulting in 1,846,000 fewer toll transactions and \$1,983,000 less revenue. When adjusting for these storms, Parkway traffic and revenue would have increased 3.7% and 3.4%, respectively. The adjusted results for the Parkway, however, are lower than CDM Smith's projected increases of 7.9% for toll transactions and 8.0% for revenue for the three month period. For 2015, CDM Smith forecasts annual increases of 2.6% for both toll transactions and revenue on the Parkway. Through March, the 2015 E-ZPass usage rate on the Parkway was 78.9%, up from 78.2% for the same period in 2014.

Operating expenses for the three months ended March 31, 2015 were approximately \$138,074,000, which was 112.0% of the year-to-date budget. The Authority has spent \$29.9 million from its operating budget for snow removal costs. Consequently, the Authority has already exceeded its \$14.1 million annual operating budget for snow and severe weather costs. The Authority has also spent an additional \$14.0 million out of a \$15.0 million annual budget for snow removal from the General Reserve Fund. The annual budget for snow and severe weather costs is determined based upon the five-year rolling average for such costs. State of Emergency weather events are budgeted and charged to the General Reserve Fund. All other events are budgeted and charged to operating expenses. Discretionary spending and budgetary guidelines will be closely monitored and adhered to throughout the remainder of the year in order to control operating expenses.

The Capital Budget consists of Supplemental Capital, Maintenance Reserve, and Special Project Reserve Funds. For the three months ended March 31, 2015, total expenditures were approximately \$11,903,000. Expenditures included \$2,868,000 for Turnpike Bridge Repairs, \$1,156,000 for Parkway Bridge Repairs, \$871,000 for Roadway Widening Equipment and \$808,000 for Major Fleet Augmentation. There are current commitments in the Capital Budget of \$80,016,000. In addition to the Capital Budget, the General Reserve Fund expenses totaled approximately \$110,082,000 and consisted of \$81,000,000 for the State Transportation Capital Plan and \$14,030,000 for Extraordinary Snow costs, \$5,500,000 for the Transportation Trust Fund and \$6,875,000 for Other Post-Employment Benefits (OPEB) reserve.

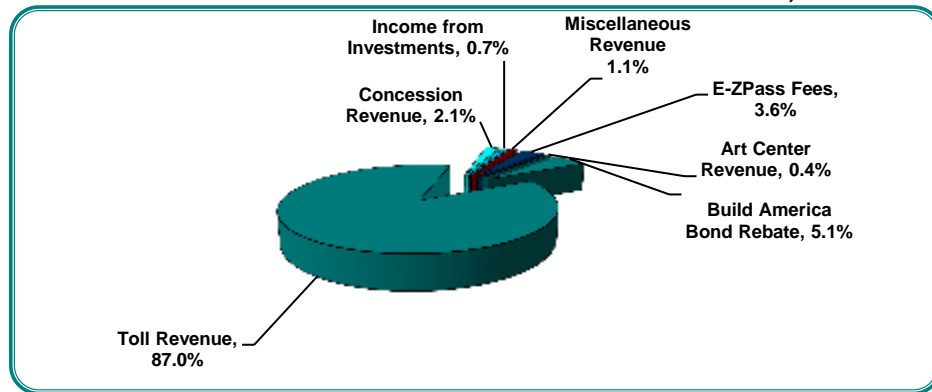
Total expenditures in the Construction Fund for the three months ended March 31, 2015 were approximately \$137,560,000. Expenses included \$27,393,000 for the Turnpike Interchange 14A Reconstruction, \$20,835,000 for the Turnpike Interchange 6-9 Widening Project, \$17,730,000 for the Parkway 35-63 Widening Project, and \$15,026,000 for the Authority Phase II Facilities Improvements. In addition to these expenditures, there are open contracts and commitments totaling approximately \$1,375,421,000.

¹ These are un-audited results. Amounts and categories of revenue and expenses may change when audited.

Comparison of Projected Revenues to Actual Revenues For the Three Months Ended March 31, 2015

	Projections	Unaudited Actual
<i>Toll Revenue</i>	332,368,000	321,918,000
<i>Concession Revenue</i>	7,229,000	7,879,000
<i>Income from Investments</i>	4,200,000	2,662,000
<i>Miscellaneous Revenue</i>	3,058,000	4,082,000
<i>Build America Bond Subsidy</i>	18,946,000	18,926,000
<i>Arts Center Revenue</i>	1,246,000	1,590,000
<i>E-ZPass Fees</i>	12,970,000	13,164,000
<i>Total Revenues</i>	<u>380,017,000</u>	<u>370,221,000</u>

Actual Revenues for the Three Months Ended March 31, 2015



For the three months ended March 31, 2015, total revenue was \$370,221,000, which was 2.6%, or \$9,796,000 below projections. The decrease is due to lower toll revenue and lower than projected investment income which was partially offset by increases in concession and miscellaneous revenues.

Toll revenue for the period was \$321,918,000 which was 3.1%, or \$10,450,000 lower than the projected amount.

Concession revenue consists of revenues generated through the sale of food, gasoline and convenience store items at the service areas located along both roadways. Concession revenue was \$7,879,000, which was \$650,000, or 9.0% above projections. Fuel sales increased 1.5% on the New Jersey Turnpike and revenue was higher than projected due to an increase in the gross profit margin on diesel fuel sales. The Authority receives 50% of the gross profit margin on all diesel fuel sold. New Jersey Turnpike food sales decreased 6.3% and convenience store sales decreased 1.8% compared to last year due to seven (7) fewer days in the reporting period in 2015. On the Garden State Parkway, convenience store sales increased 160.4% due to the opening of new convenience stores at the Forked River, Monmouth, Cheesequake and Montvale Service Areas in July 2014. However, food sales and fuel sales declined 11.2% & 17.1%, respectively, largely due to the ongoing closure and reconstruction of the Atlantic Service Area.

Investment earnings consist of income from invested operating revenues and reserve funds. Investment income was \$2,662,000, which was \$1,538,000 or 36.6% lower than projected. Investment yields are lower than projected as short term interest rates remain at or near historical lows. In addition, the reinvestment rate on maturing debt reserve investments, originally purchased in 2009, was significantly lower due to current market conditions.

Miscellaneous revenue includes fees for cell tower rentals, towing, fiber optic leases, park & ride commissions, property rentals, and other items. Revenue for the period was \$4,082,000, which was \$1,024,000, or 33.5% higher than projected due to an increase in surplus land and property sales, insurance and FEMA recoveries, the new video feed lease and higher advertising revenue.

The Build America Bond Subsidy is a direct payment from the U.S Treasury to the Authority equaling about 32.3% of the interest payable on the Series 2009F and the Series 2010A Bonds. The subsidy received was \$18,926,000 which was \$20,000 lower than projected due to an additional 0.1% cut in the subsidy for federal fiscal year 2015 which was not budgeted.

Arts Center revenue consists of rent and naming rights for the PNC Bank Arts Center located in Holmdel. For the three months ended March 31, 2015, revenue was \$1,590,000, which was \$344,000, or 27.6% higher than projected due to the receipt of a variable rent payment.

E-ZPass fees consist of monthly membership fees, transponder sales; return check fees, administrative fees, fiber lease revenue, interest on prepaid accounts and monthly statement fees. Revenue of \$13,164,000 was \$194,000, or 1.5%, higher than projected. Continued gains in E-ZPass membership have resulted in a 1.9% increase in membership fees when compared to the same period in 2014. In addition, for the three months ended March 31, 2015, administrative fee collections from toll violators increased 15.3% from the same period in 2014.

New Jersey Turnpike Traffic & Revenue Comparison

For the Month of March 2015(1)

	<u>Traffic</u>		
	March-15	March-14	% Change
Passenger Vehicles	16,990,000	16,119,000	5.4%
Commercial Vehicles	2,593,000	2,458,000	5.5%
Overall	19,583,000	18,577,000	5.4%

	<u>Revenue</u>		
	March-15	March-14	% Change
Passenger Vehicles	56,593,000	54,042,000	4.7%
Commercial Vehicles	29,502,000	27,952,000	5.5%
Overall	86,095,000	81,994,000	5.0%

(1) Includes un-audited data for the month.

For the month of March 2015, traffic on the New Jersey Turnpike increased 5.4% and toll revenue increased 5.0% when compared to the same period in 2014. These results are ahead of CDM Smith's projections of 5.0% and 4.0% for traffic and revenue. Although winter storm Thor was a negative on results, gas prices, which were \$1.40/gallon lower than March 2014, were a positive.

For the Three Months Ended March 31, 2015(1)

	<u>Traffic</u>		
	March-15	March-14	% Change
Passenger Vehicles	46,255,000	43,153,000	7.2%
Commercial Vehicles	7,105,000	6,833,000	4.0%
Overall	53,360,000	49,986,000	6.7%

	<u>Revenue</u>		
	March-15	March-14	% Change
Passenger Vehicles	153,215,000	143,027,000	7.1%
Commercial Vehicles	81,641,000	77,400,000	5.5%
Overall	234,856,000	220,427,000	6.5%

(1) Includes un-audited data for the month.

For the three months ended March 31, 2015, traffic increased 6.7% and toll revenue increased 6.5% when compared to the same period in 2014. The increases in traffic and revenue are due to comparatively worse weather conditions in the first months of 2014 and lower gas prices in 2015. Traffic and revenue were negatively impacted by winter storms Juno and Thor. When excluding these storms, traffic and revenue would have increased 9.3% and 9.1%, respectively for the three months ended March 31, 2015. CDM Smith projected increases of 9.4% and 8.5% for traffic and revenue. Gasoline prices increased \$0.17 in March, marking the first monthly increase following nine (9) consecutive months of declines. Despite the small increase, gasoline is now \$1.26/gallon lower than when the nine month period began in July 2014.

Electronic toll collection remains popular and overall usage rates continue to be strong. For the three months ended March 31, 2015, the *E-ZPass* usage rate for passenger cars was 81.0%, and for commercial vehicles was 90.2%. This resulted in an overall *E-ZPass* usage rate of 82.3%. The *E-ZPass* usage rate remains one of the highest in the region reflecting acceptance among commuters and frequent travelers of the *E-ZPass* brand and the convenience provided to the users throughout the Northeast.

Garden State Parkway Traffic & Revenue Comparison

For the Month of March 2015(1)

<u>Toll Transactions</u>			
	<u>March-15</u>	<u>March-14</u>	<u>% Change</u>
Passenger Vehicles	28,779,000	29,022,000	-0.8%
Commercial Vehicles	381,000	362,000	5.2%
Overall	<u>29,160,000</u>	<u>29,384,000</u>	<u>-0.8%</u>
<u>Revenue</u>			
	<u>March-15</u>	<u>March-14</u>	<u>% Change</u>
Passenger Vehicles	30,573,000	30,876,000	-1.0%
Commercial Vehicles	1,130,000	1,058,000	6.8%
Overall	<u>31,703,000</u>	<u>31,934,000</u>	<u>-0.7%</u>

(1) Includes un-audited data for the month.

For the month of March 2015, toll transactions on the Garden State Parkway decreased by 0.8% and toll revenue decreased by 0.7% when compared to March 2014. Winter Storm Thor in the beginning of March had a more pronounced effect on the Parkway than on the Turnpike. Toll transactions were 36% lower and revenues were 34% lower during the storm than on the comparative days in 2014. When adjusting for Thor, both toll transactions and revenue would have increased 2.0% in March 2015.

For the Three Months Ended March 31, 2015(1)

<u>Toll Transactions</u>			
	<u>March-15</u>	<u>March-14</u>	<u>% Change</u>
Passenger Vehicles	79,238,000	78,260,000	1.2%
Commercial Vehicles	1,027,000	1,032,000	-0.5%
Overall	<u>80,265,000</u>	<u>79,292,000</u>	<u>1.2%</u>
<u>Revenue</u>			
	<u>March-15</u>	<u>March-14</u>	<u>% Change</u>
Passenger Vehicles	84,003,000	83,311,000	0.8%
Commercial Vehicles	3,059,000	2,931,000	4.4%
YTD Toll Revenue	<u>87,062,000</u>	<u>86,242,000</u>	<u>1.0%</u>

(1) Includes un-audited data for the month.

For the three months ended March 31, 2015, toll transactions on the Garden State Parkway were up 1.2% and toll revenue was up 1.0% when compared to the same period in 2014. Toll transactions and revenue increased due to more severe weather conditions in 2014 and declining gas prices in 2015. Toll transactions and revenue were negatively impacted by winter storms Juno and Thor. When adjusting for these storms, Parkway toll transactions and revenue would have increased 3.7% and 3.4%, respectively, for the three months ended March 31, 2015. Toll Transactions and revenue north of and including the Driscoll Bridge have increased 2.4% and 1.8%, respectively, while toll transactions and revenue south of this point have declined down 0.3% and 0.4%, respectively, compared to the same three months last year largely due to fewer people traveling to Atlantic City.

E-ZPass remains popular on the Garden State Parkway as electronic toll collection continues to increase. For the three months ended March 31, 2015, the total E-ZPass usage rate was 78.9% up from 78.2% in the same period in 2014. The E-ZPass usage rate for passenger cars was 78.7%, and for commercial vehicles was 90.1%.

Operating Expenses

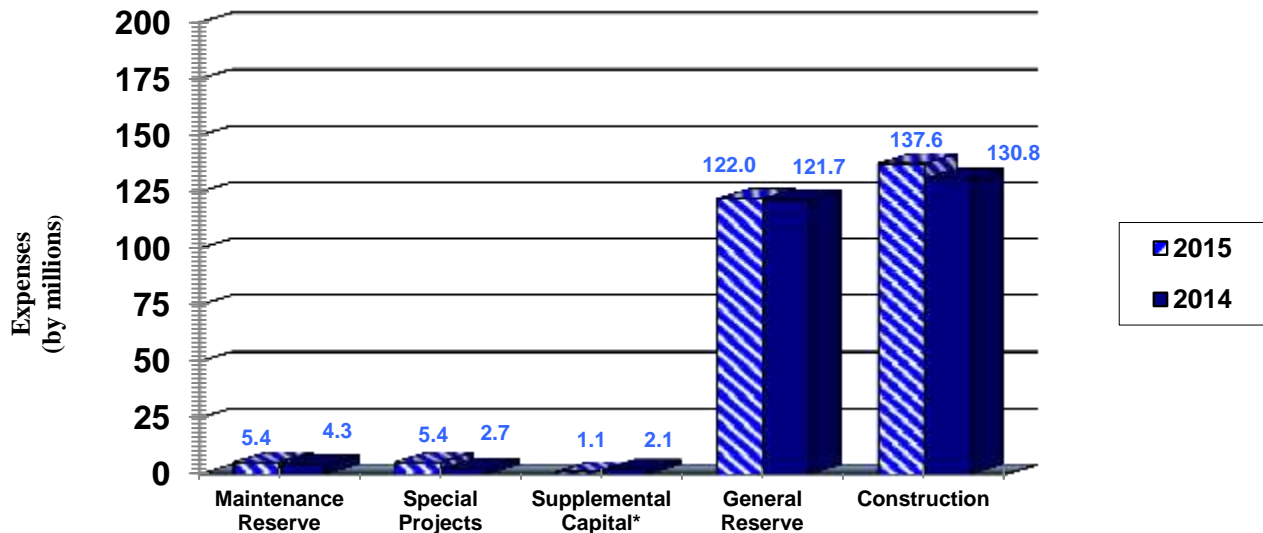
For the Three Months Ended March 31, 2015

	Annual Budget	YTD Expenses
<u>Maintenance of roadway, buildings & equipment</u>		
Maintenance	\$ 178,826,400	\$ 68,085,400
Engineering	9,438,900	1,726,800
Total Maintenance	188,265,300	69,812,200
<u>Toll Collection</u>		
Toll Collection	152,623,300	35,131,200
<u>State Police & Traffic Control</u>		
State Police	66,133,300	15,606,000
Operations	11,149,800	2,812,200
Total State Police and Traffic Control	77,283,100	18,418,200
<u>Technology</u>		
Integrated Technology Services	28,004,400	6,288,400
<u>General & Administrative</u>		
Executive Office	1,208,000	305,100
Law	7,945,400	1,365,500
Purchasing & Materials Management	6,999,000	1,638,000
Human Resources & Office Services	5,701,700	1,304,700
Finance	13,089,800	2,809,600
Patron & Customer Services	1,781,900	383,800
Internal Audit	2,691,200	617,200
Total General and Administrative	39,417,000	8,423,900
TOTAL OPERATING	\$ 485,593,100	\$ 138,073,900

Operating expenses are 28.4% of the annual budget and 112% of the YTD budget. Maintenance costs are 136% of the YTD budget due to higher than anticipated costs for snow removal. The Authority has spent approximately \$29.9 million on snow removal costs in 2015 in the Operating budget and an additional \$14.0 million in the General Reserve budget. The Authority will closely monitor discretionary spending and budgetary guidelines throughout the remainder of the year.

Capital Budget and Construction Fund Expenditures For the Three Months Ended March 31, 2015

	<u>2015</u>	<u>2014</u>
Maintenance Reserve	\$ 5,415,000	\$ 4,280,000
Special Projects	5,425,000	2,727,000
Supplemental Capital	1,063,000	2,057,000
General Reserve	110,082,000	121,678,000
Capital Budget Total	<u>\$ 121,985,000</u>	<u>\$ 130,742,000</u>
Construction Fund	<u>\$ 137,560,000</u>	<u>\$ 130,762,000</u>
Construction Fund & Capital Budget Total	<u>\$ 259,545,000</u>	<u>\$ 261,504,000</u>



Capital Budget projects are classified as Maintenance Reserve, Special Project Reserve and Supplemental Capital. These projects are funded from current or accumulated revenues. The Maintenance Reserve Fund covers the routine upkeep of the Authority's roadways with projects that are directly related to the Turnpike System. These projects consist of major resurfacing, structural repairs, major bridge repairs and painting. The Special Project Reserve Fund covers non-routine maintenance of the roadways and facilities. These projects consist of, but are not limited to, improving the Authority's facilities and technology platform. The Supplemental Capital Fund generally covers roadway and facilities improvements, major technology projects, whereas the General Reserve Fund includes payments to the State of New Jersey and payments for any other corporate purpose.

The Capital Budget consists of Supplemental Capital, Maintenance Reserve, and Special Project Reserve Funds. For the three months ended March 31, 2015, total expenditures were approximately \$11,903,000. Expenditures included \$2,868,000 for Turnpike Bridge Repairs, \$1,156,000 for Parkway Bridge Repairs, \$871,000 for Roadway Widening Equipment and \$808,000 for Major Fleet Augmentation. In addition to the Capital Budget, expenditures from the General Reserve Fund totaled approximately \$110,082,000 and include \$81,000,000 for the State Transportation Capital Plan, \$14,030,000 for Extraordinary Snow expenses, \$5,500,000 for the Transportation Trust Fund and \$6,875,000 for Other Post-Employment Benefits (OPEB) reserve.

Bond proceeds are deposited in the Construction Fund to support major capital programs. Total expenditures in the Construction Fund for the three months ended March 31, 2015 were approximately \$137,560,000. Expenses included \$27,393,000 for the Turnpike Interchange 14A Reconstruction, \$20,835,000 for the Turnpike Interchanges 6 - 9 Widening Project, \$17,730,000 for the Parkway 35-63 Widening Project, and \$15,026,000 for the Facilities Improvements Phase II. In addition to these expenditures, there are open contracts and commitments totaling approximately \$1,375,421,000. On March 11, 2015 the Authority broke ground on the \$400,000,000 Turnpike Interchange 14A Reconstruction project.